



Volume IV, Number 12

August 1999

# HEALTH

## watch

## New Regulations to Protect Hospital Patients in Relation to Restraints and Seclusion Practices

On June 25, the Health Care Financing Administration (HCFA) announced new patient protections to protect the health and welfare of hospital patients. The new patients' rights regulations will strengthen existing protections for patient health and safety. They will also help assure that high quality care is provided to all patients in hospitals participating in the Medicare and Medicaid programs. Basic patient rights in the regulations include the right to confidentiality of patient records and communications, and the freedom from the inappropriate use of restraints and seclusion.

The patients' rights protections are part of Medicare's revised Conditions of Participation requirements that hospitals must meet to participate in the Medicare and Medicaid programs. The interim final regulations — effective in 60 days — were published in the June 25, 1999 edition of the *Federal Register*.

HCFA carved out the patients' rights section from the larger proposed revision of the hospital Conditions of Participation regulation, published as a notice of Proposed Rulemaking on December 17, 1997, so that the patient protections could be expanded.

"By carving out this section, HCFA will be able to move more quickly to hold all hospitals that participate in Medicare and Medicaid accountable for protecting patients' rights, and for the inappropriate use of restraints and seclusion. These protections underscore the Administration's determination to ensure basic protections for patient health and safety in hospitals, as well as our commitment to patients' rights," said HCFA Administrator Nancy-Ann Min DeParle.

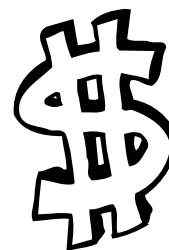
The new regulations require that a hospital provide a patient or family member with a formal notice of their rights at the time of admission. These rights include the right to be free from restraints and seclusion in any form when used as a means of coercion, discipline, convenience or retaliation. Other rights include the right to privacy and confidentiality and the right to make decisions about the patient's care.

The new patient protections also make consistent standards used by HCFA and the Joint Commission on the Accreditation of Healthcare Organizations (JCAHO) to ensure only appropriate use of restraints and seclusion. HCFA adopted the same approach and time frames for monitoring the use of restraints and seclusion developed and enforced by the Joint Commission.

HCFA's regulations also contain new requirements on staff training so that health care workers who have direct patient contact will learn the appropriate and safe use of seclusion and restraints. HCFA already has regulations restricting the use of restraints in other settings, including intermediate care facilities for the mentally retarded and nursing home facilities. The Clinton Administration has made improving the quality of nursing homes and oversight a top priority. In July 1998, the President announced a broad initiative to strengthen the enforcement of the strict nursing home regulations that were published in 1995. ♦

## Expanded "Senior Patrol" Grants to Help Spot Waste, Fraud and Abuse Incidents

HHS Secretary Donna E. Shalala, joined by U.S. Sen. Tom Harkin (D-Iowa), announced 41 grants totalling \$7 million to expand a program that recruits and trains retired professionals to identify waste, fraud and abuse in the Medicare and Medicaid programs.



The Senior Medicare Patrol Project grants, including 29 new and 12 renewed grants, will be distributed among 38 states, including Washington, D.C. and Puerto Rico. They are administered by HHS' Administration on Aging to teach volunteer retired professionals such as doctors, nurses, accountants, investigators, law enforcement personnel, attorneys, teachers and others how to work with Medicare and Medicaid beneficiaries. Volunteers work in their own communities and in local senior centers to help identify deceptive health care practices, such as overbilling, overcharging, or providing unnecessary or inappropriate services.



The *HCFA Health Watch* is published monthly, except when two issues are combined, by the Health Care Financing Administration (HCFA) to provide timely information on significant program issues and activities to its external customers.

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**GAO Testimony before Congress:**  
**Medicare: Considerations for**  
**Adding a Prescription Drug**  
**Benefit, HEHS-99-153.**  
**11 pp. June 23, 1999.**

[http://www.gao.gov/  
new.items/he99153t.pdf](http://www.gao.gov/new.items/he99153t.pdf)

Any individual GAO report may be retrieved directly from the archive in text and PDF formats with the following URL: <http://www.gao.gov/cgi-bin/getrpt?RPTNO>, replacing RPTNO with the report number. In the case of a report above, you would replace RPTNO with HEHS-99-153.



## Message from the Deputy Administrator

MICHAEL HASH

**F**OR YEARS, STUDIES HAVE SHOWN that Medicare and its beneficiaries have paid much higher prices for many items of medical equipment than other insurers. In some cases, retail shops sell items for less money than the prices set by the Medicare fee schedule established by law.

That's why Medicare is finding a better way to ensure that beneficiaries get high-quality products and services at fair prices. In Polk County, Florida, Medicare is conducting a demonstration that uses competition to get a better deal for beneficiaries and taxpayers.

The early results are promising. Using competitive bidding, we are strengthening our quality oversight while saving individual beneficiaries and Medicare as much as 30 percent on certain categories of medical supplies.

Those results show the power of competition and market forces in helping Medicare and its beneficiaries. President Clinton's plan to modernize Medicare uses competition to strengthen the program for the beneficiaries of today and tomorrow.

The Polk County project was made possible by a provision that Sen. Bob Graham of Florida sponsored in the Balanced Budget Act of 1997. The provision enabled Medicare to conduct this type of competitive-bidding demonstrations for medical equipment and supplies.

By law, Medicare has had to pay suppliers using an outdated fee schedule that does not reflect true market prices. Studies by the General Accounting Office and the HHS Inspector General have shown that Medicare often pays much more than other government agencies and private insurers. For instance, Medicare paid \$10.46 for a kit of nutrient bags and syringes even though the items could be bought separately for only \$3.69.

In Polk County, suppliers had to bid for Medicare's business by providing extensive information about quality and price for five categories of products: oxygen supplies and equipment; hospital beds; surgical dressings; enteral nutritional products; and urological supplies such as catheters.

Medicare reviewed those bids to ensure quality, access, and value for the nearly 100,000 beneficiaries who reside in Polk County. We conducted thorough background checks and contacted nurses, hospital workers and other health-care professionals to ensure that all successful bidders met our quality standards. We looked at geography and access and placed an ombudsman in Polk County to answer questions and resolve any issues that affect beneficiaries, suppliers and other health-care providers.

Now, starting October 1, Medicare will reimburse successful bidders in Polk County at rates that are between 13 and 30 percent below Medicare's existing fee schedule. Beneficiaries not only will have a choice of quality suppliers, but also will experience similar savings because they pay 20 percent of the costs for those items.

We've worked hard to make this demonstration a success for Medicare and the beneficiaries in Polk County. Over time, these lessons will help not only today's 39 million elderly and disabled Medicare beneficiaries, but their children and grandchildren, who are the beneficiaries of tomorrow. ♦

## National Health Spending Will Still Double by 2008

# New Projections Show National Health Spending to Grow More Slowly Than Projected Last Year

Projected growth of national health spending over the next decade has been revised downward since last year's projections, according to a new study by the Health Care Financing Administration (HCFA). The new projections show the rate of growth slows to an average of 6.5 percent for 1997-2007 compared to last year's projection of 7.0 percent. National health spending is still projected to double in level by 2008.

This downward revision reflects slower than expected growth in Medicare spending in 1998 and slower projected growth for both private and Medicare spending in the latter half of the projection period.

The study projects the nation's total spending will reach \$2.2 trillion in 2008 and 16.2 percent of Gross Domestic Product (GDP), up from \$1.1 trillion and 13.5 percent in 1997. In last year's projection health spending was projected to reach 16.6 percent of GDP in 2007.

"These figures show that our efforts, such as our waste, fraud and abuse initiatives, have helped control health care costs in the United States," HHS Secretary Donna E. Shalala said. "And President Clinton's plan to strengthen Medicare will continue to control health care spending while making sure that Americans maintain their access to high-quality, affordable health care into the 21st Century."

The annual study by HCFA's Office of the Actuary, *The Next Decade of Health Spending: A New Outlook*, is being published in the July/August 1999 issue of *Health Affairs*. Last year's projections were published in the September/October issue of the national health journal.

The report indicates that national health spending growth will accelerate from 1998 through 2000, due mostly to an acceleration in private sector health spending growth. During this period, private health sector growth will outpace public sector health spending growth, reversing the current trend. This reversal is expected

to be more significant than anticipated last year.

HCFA actuaries project Medicare spending will grow just 4.5 percent on average over the 1997-2000 period compared to 5.1 percent over the same period in last year's projection. This slower growth is the result of the Balanced Budget Act (BBA) of 1997 and fraud, waste and abuse initiatives.

"While it's encouraging to see that we are protecting the Medicare Trust Fund, we must be vigilant to protect beneficiaries at the same time," HCFA Administrator Nancy-Ann Min DeParle said. "The provisions of the BBA expire in 2003 and we must be certain that any new actions we take will protect Medicare from a return to unsustainable growth rates."

Private sector growth is projected to average 7.3 percent annually over the 1997-2000 period, compared to 6.7 percent for the same period in last year's projection. Thus the private sector growth is projected to be 2.8 percentage points higher than Medicare growth between 1997 and 2000. The main reasons for the faster anticipated growth in the private sector is a sharper projected acceleration in private health insurance premiums for 1999-2000 and faster projected growth of drug spending.

For the years 2001 through 2008, both public and private sector spending growth is projected to be slower than was expected last year. Public sector spending growth, particularly Medicare, is affected

by slower input price increases for hospitals, physicians, home health, and skilled nursing services and reduced hospital case-mix updates. Slower private sector spending results from a faster than expected rise in the uninsured population, slower than expected input price increases, and a general shift in managed care toward arrangements that more effectively control costs.

The HCFA economists and actuaries project revised patterns of growth across types of services. Drug spending is projected to grow faster than projected last year in part due to upward revisions to historical drug spending, new drug introductions, and recent evidence of increasing drug prices. Hospital spending growth is also expected to accelerate faster as the recent trend towards rising occupancy rates continues. And spending on nursing home and home health care will grow more slowly than projected last year.

Detailed information on the forecasts, both by type of service and source of funds, is available on the HCFA home page at <http://www.hcfa.gov/stats/NHE-Proj/>.

***The Calendar of  
Speaking Engagements  
will return in the  
September 1999 issue.***

## HCFA Asks Nursing Homes to Join Education Campaign to Reduce Abuse and Neglect of Residents

In its latest step to better protect vulnerable nursing-home residents, the Health Care Financing Administration (HCFA) is distributing posters and other educational materials to help residents and their families identify and report incidents of abuse and neglect.

HCFA is asking nursing homes to display the posters as part of its education campaign to prevent abuse and neglect. Other components of the campaign include updated video and print guides to choosing a nursing home and Nursing Home Compare, HCFA's national database of nursing-home inspection reports available on the Internet.

The education campaign is part of the Clinton Administration's aggressive initiative to promote quality care and further strengthen enforcement of federal and state standards for the 1.6 million Americans who live in nearly 17,000 nursing homes nationwide. HCFA now requires states to crack down on nursing homes that repeatedly violate health and safety requirements and is changing the inspection process to increase its focus on preventing bedsores, malnutrition and resident abuse.

The posters and accompanying information cards describe physical signs of abuse and neglect, such as unusual

bruises, scratches and broken bones, as well as less obvious indicators, such as fearful behavior, weight loss and dehydration. The posters, which feature the phrase "sometimes abuse is not so obvious," display a phone number that residents, visitors or staff members can use to report abuse.

"Most nursing homes provide quality care to their frail and vulnerable residents and want to make sure that their residents don't become victims of abuse or neglect," HCFA Administrator Nancy-Ann Min DeParle said. "By displaying these posters, nursing homes can send a clear message that residents will get the respect and dignity they deserve."

### *HCFA's abuse-prevention education campaign also includes:*

A **VIDEO** with tips on what to look for in a nursing home, featuring television newsman Hugh Downs as narrator.

The video will be available through state ombudsmen, survey agencies, and resident and consumer advocates, and HCFA is working to make it available for free in some video stores. Distribution of the video began last month.

An updated version of **HCFA's GUIDE TO CHOOSING A NURSING HOME**, which is designed to help families through the process.

The guide, which will be available this month, includes questions to ask, a nursing-home checklist, contact information and other resources, as well as expanded information about preventing abuse and neglect.

**NURSING HOME COMPARE**, HCFA's Internet database that allows consumers to compare inspection results when choosing a nursing home.

Since the site went live in September 1998, Nursing Home Compare users have logged about 1.4 million pageviews — more than any other section of HCFA's consumer Web site, [www.medicare.gov](http://www.medicare.gov). HCFA plans to enhance Nursing Home Compare by adding information about staffing levels and the condition of residents in each home.

Working with the **ADMINISTRATION ON AGING (AoA)** and **STATE LONG-TERM CARE OMBUDSMEN** to develop new ways to educate the public about preventing abuse and neglect.

This year HCFA will fund several demonstration projects in collaboration with the AoA to educate residents, family members, staff workers and others about risks and prevention strategies.

A **"BEST PRACTICES"** Internet site that allows nursing home administrators and caregivers to share successful efforts to improve care for residents, especially those at risk for weight loss or malnutrition.

Nursing home administrators, staff and others can learn about those best practices by visiting the Internet site at [www.hcfa.gov/medicaid/siq/siqhmpg.htm](http://www.hcfa.gov/medicaid/siq/siqhmpg.htm).

A **NATIONAL CAMPAIGN** to educate consumers and nursing home staff about the risks of malnutrition and dehydration and nursing home residents' rights.

HCFA has worked with clinicians, consumers and nursing homes to develop approaches for this campaign, which will start later this year.

A **QUESTIONNAIRE** to gather consumer feedback.

Resident advocates helped to develop the questions about treatment by the staff, staffing levels, the cleanliness of the facility, and other aspects of their care. In late summer, state ombudsmen will help distribute and collect the responses in several states to test the approach before going national. ♦



HCFA initially will send the posters to more than 3,000 nursing homes in 10 states. With the help of each state's long-term care ombudsman, HCFA will evaluate the campaign's effectiveness before distributing the posters nationally.

In 1995, the administration issued the nation's toughest-ever nursing home enforcement regulations, which led to measurable improvements in quality of care. Ongoing monitoring found that many nursing homes continued to violate rules and that enforcement by some states — which conduct on-site inspections for HCFA and recommend penalties against homes that violate health and safety rules — remained lax. As a result, the administration began to take additional steps last year to enhance protections and target specific needed improvements in nursing home care.

"All Americans deserve to know that they and their loved ones will receive attentive, quality care in nursing homes, and that's what most caregivers and administrators strive to deliver," DeParle said. "By working together to prevent abuse, we will improve people's lives." ♦

## Chairman of HCFA Physicians Regulatory Issues Team Appointed

Hugh Hill, M.D., on leave from the Johns Hopkins University faculty, was appointed to chair Medicare's effort to work with physicians to improve education related to regulatory compliance in June.

Hill, a practicing emergency physician and attorney, replaces Stephen Gleason, DO, who recently was appointed Iowa Commissioner for Health.

"Dr. Hill's expertise as a practicing physician, combined with his legal expertise, gives him an ideal perspective on how to make sure our rules work in the real world," said HCFA Administrator Nancy-Ann Min DeParle.

DeParle established the physician Regulatory Issues Team to help make Medicare rules clear and reasonable. The team provides physicians with a forum to discuss how Medicare regulations and other program rules and guidelines affect their practices and their patients. The team is holding a series of consultative meetings with physicians' groups around the country. ♦

"We are committed to making sure that beneficiaries have accurate, reliable information about their health plan choices. The amount of information that will be available to Medicare beneficiaries, from both the Medicare+Choice plans and Medicare, will help make them become even more informed health care consumers." ♦

—NANCY-ANN MIN DEPARLE

## Medicare Beneficiaries to Get Standardized Information in New Summary of Benefits Booklet

Recently, the Health Care Financing Administration (HCFA) announced that Medicare beneficiaries will have standard information that will enable them to compare managed care organizations.

The new Summary of Benefits booklet will be a key addition to the materials available to Medicare beneficiaries. The standardized materials, which will be required beginning in the fall of 1999, will help beneficiaries compare the benefits offered and the costs charged for health care services.

"Beneficiaries rely on health plans for specific information about the costs and benefits offered by each plan," HCFA Administrator Nancy-Ann Min DeParle said. "These booklets are a first step to help them make apples-to-apples comparisons of Medicare managed care plans and will supplement the unbiased information available at 1-800-MEDICARE, on our beneficiary Web site, [www.medicare.gov](http://www.medicare.gov) and included in the *Medicare & You 2000* handbook.

The Senate Aging Committee, led by Senators Grassley and Breaux, and based on findings by the GAO, recommended that we standardize plans' marketing materials, including descriptions of benefits, so that beneficiaries could more easily compare benefits between Medicare+Choice plans," DeParle said.

The new standardized booklet will contain three main sections: a beneficiary information section, providing information on the Medicare+Choice program in general terms (such as appeal rights and provider network requirements); a standardized benefit comparison section which informs beneficiaries about the benefits offered by the plan and compared to original, fee-for-service Medicare; and a special features section where plans will provide additional customized information, such as information about the provider network, maps to clinics and other benefits that may be available.

Medicare+Choice organizations have long produced "side-by-side" materials that compare managed care plan benefits with the benefits available from original, fee-for-service Medicare. These have ranged from simple benefit comparison charts to graphics and more detailed descriptions. The wide variety of documents has caused confusion and difficulty among Medicare beneficiaries who may be thinking about enrolling in a managed care plan.

The standardized Summary of Benefits booklet will be supplemented by additional information for beneficiaries, including enrollment forms and information about the Medicare appeals process. These materials are currently being consumer tested and will be ready for use in the fall of 2000. Managed care plans will maintain their flexibility in developing advertising material, provided they accurately reflect the benefits offered and meet all other regulatory requirements.

HCFA will also require plans to begin using a standardized format for submitting the detailed information about benefits, premiums, and cost-sharing. HCFA will use this information to review the accuracy of marketing materials and the financial soundness of each plan's benefit package. With more detailed benefit information in a final that uses standard terms HCFA will be able to provide a more accurate and consistent review of marketing materials. ♦

**Grants, from page 1**

HHS Secretary Donna E. Shalala, joined by U.S. Sen. Tom Harkin (D-Iowa), announced 41 grants totalling \$7 million to expand a program that recruits and trains retired professionals to identify waste, fraud and abuse in the Medicare and Medicaid programs.

The Senior Medicare Patrol Project grants, including 29 new and 12 renewed grants, will be distributed among 38 states, including Washington, D.C. and Puerto Rico. They are administered by HHS' Administration on Aging to teach volunteer retired professionals such as doctors, nurses, accountants, investigators, law enforcement personnel, attorneys, teachers and others how to work with Medicare and Medicaid beneficiaries. Volunteers work in their own communities and in local senior centers to help identify deceptive health care practices, such as overbilling, overcharging, or providing unnecessary or inappropriate services.

"We are committed to a strong, long-term effort to protect the integrity of the Medicare Trust Fund and prevent waste, fraud and abuse in federal health programs," Secretary Shalala said. "We have undertaken a wide range of actions within HHS. We are working with the millions of honest health care providers. And equally important, we want to help enable older Americans themselves to work closely with their family members, friends, and neighbors to recognize problems and to report them. That's why we're expanding the Senior Patrols project nationwide."

Originally named the Health Care Anti-Fraud, Waste and Abuse Community Volunteers Demonstration Projects, the grants were authored in 1997 by Sen. Harkin. The current projects have tested different models and in the past 18 months have trained more than 6,000 retired volunteers to serve as resources and educators for older persons in their communities. The trainees, in turn, have trained more than 70,000 Medicare beneficiaries how to spot problems. Projects recently announced will result in training 15,000 more volunteers, who will help educate 250,000 additional beneficiaries.

"We know that by expanding this program, even more volunteers and honest health care will join together to prevent

older persons from being victimized," said Assistant Secretary for Aging Jeanette C. Takamura. "The success of this program underscores the contributions of our national aging network continues to make to our country as it works closely with older Americans, their family members and peers to prevent and halt this drain on our health care system."

The project is part of the Administration's broad initiative to combat waste, fraud and abuse in Medicare and Medicaid, including extensive efforts by HHS' Health Care Financing Administration, the HHS Office of Inspector General and the Department of Justice.

Savings for this effort, including program and payment integrity improvements, total more than \$38 billion since 1993. In addition, convictions and other successful legal actions stemming from antifraud and abuse efforts have increased more than 240 percent during this period.

To help beneficiaries and others report possible problems, the HHS Inspector General maintains a toll-free Hotline, 1-800-HHS-TIPS (1-800-447-8477). In addition, HHS earlier this year joined with the AARP in an outreach effort to help identify possible waste, fraud and abuse by examining Medicare statements.

New Senior Medicare Patrol Project entities and the amount of their award follow.

Alabama Commission on Aging, Montgomery, AL \$170,000 • Alaska State Division of Senior Services, Anchorage, AK \$130,000 • Arizona Department of Economic Security, Phoenix, AZ \$170,000 • Arkansas Seniors Organized, Little Rock, AR \$79,000 • Colorado Division of Insurance, Denver, CO \$170,000 • Connecticut Department of Social Services, Hartford, CT \$155,000 • Delaware Department of Health and Social Services, New Castle, DE \$150,000 • The AARP Foundation, Washington, DC \$125,000 • Friendship House, Washington, DC \$85,000 • Tampa Bay Regional Planning Council, St. Petersburg, FL \$170,000 • Georgia Department of Human Resources, Atlanta, GA \$140,000 • Atlanta Regional Commission, Atlanta, GA \$90,000 • Idaho Commission on Aging, Boise, ID \$155,000 • Indiana Division of Disability, Aging, and Rehabilitation Services, Indianapolis, IN \$155,000 • Maine Department of Human Services' Bureau of Elder and Adult Services, Augusta, ME \$160,000 • Elder Services of Merrimac, Lawrence, MA \$115,000 • Area Agencies on Aging Association of Michigan, Lansing, MI \$170,000 • Missoula Aging Services, Missoula, MT \$170,000 • Nevada Division of Aging Services, Las Vegas, NV \$170,000 • New Mexico State Agency on Aging, Santa Fe, NM \$155,000 • Western Reserve Area Agency on Aging, Cleveland, OH \$155,000 • State of Oklahoma Insurance Department, Oklahoma City, OK \$170,000 • Senior and Disabled Services Division, Salem, OR \$170,000 • Governor's Office of Elderly Affairs, San Juan, PR \$170,000 • Baylor University, Waco, TX \$130,000 • The National Hispanic Council on Aging, Corpus Christi, TX \$170,000 • Utah Legal Services, Salt Lake City, UT \$110,000 • Virginia Association of Area Agencies on Aging, Richmond, VA \$160,000 • Office of the Insurance Counselor, Olympia, WA \$170,000.

Continuing grants were awarded to the following with grant amounts:

California Health Insurance Counseling and Assistance Program Association, San Mateo, CA \$235,000 • Hawaii Executive Office on Aging, Honolulu, HI \$125,000 • Suburban Area Agency on Aging, Oak Park, IL \$238,000 • Iowa Department of Elder Affairs, Des Moines, IA \$225,000 • Maryland Department of Aging, Baltimore, MD \$225,000 • Minnesota Board on Aging, St. Paul, MN \$218,000 • District III Area Agency on Aging, Warrensburg, MO \$145,000 • New Hampshire Division of Elderly and Adult Services, Concord, NH \$227,000 • New York State Office for the Aging, Albany, NY \$250,000 • Coalition of Advocates of the Rights of the Infirm Elderly, Philadelphia, PA \$228,000 • Aging 2000 Inc., Providence, RI \$135,000 • Coalition of Wisconsin Aging Groups, Madison, WI \$160,000. ♦

## Selected Health Issues on the Web

The following items were added to GAO's World Wide Web site in Portable Document (PDF) format

<http://www.gao.gov/new.items/he99061.pdf>

***Low-Income Medicare Beneficiaries: Further Outreach and. Administrative Simplification Could Increase Enrollment. HEHS-99-61. 19 pp. plus 3 appendices (10 pp.) April 9, 1999.***

<http://www.gao.gov/new.items/he99144.pdf>

***Medicare+Choice: Reforms Have Reduced, But Likely Not Eliminated Excess Plan Payments. HEHS-99-144. 17 pp. plus 1 appendix June 18, 1999.***

Once archived, any individual report may be retrieved directly from the archive in text and PDF formats with the following URL: <http://www.gao.gov/cgi-bin/getrpt?RPTNO>, replacing RPTNO with the report number. In the case of a report above, once it has been archived, you would replace RPTNO with HEHS-99-61.

<http://www.nejm.org/content/current.asp>

***The New England Journal of Medicine Volume 341, Numbers 6 - 9, August 5, 12, 19 and 26, 1999***

The current issue of the *New England Journal of Medicine* can be found at the above URL. The journal is published weekly on Thursday. The following notice appears on the Table of Contents at this

## HMO Plans Offered to Medicare Beneficiaries

The Health Care Financing Administration (HCFA) recently approved several HMO plans for Medicare beneficiaries in the State of Delaware, the City of New Orleans and three suburban parishes, as well as the City of Indianapolis and two counties. The following table provides basic information.

### State of Delaware

On July 1, 1999 Principal Health Care of Delaware started serving Medicare beneficiaries throughout Delaware. The total number of eligible beneficiaries include about 110,000 in the state.

### City of New Orleans and parishes of Jefferson, St. Bernard and Plaquemines

On August 1, 1999 Maxicare Louisiana, a subsidiary of Los Angeles-based Maxicare Health Plans, Inc., began serving Medicare beneficiaries in the areas mentioned to the left of this column. About 150,000 Medicare beneficiaries live in the service area.

### City of Indianapolis and counties of Hamilton and Marion

On August 1, 1999 Sagamore Health Network, Inc., based in Indianapolis, began serving Medicare beneficiaries throughout the areas mentioned to the left of this column. About 141,000 Medicare beneficiaries live in the plan's service area.

Currently, about 6.5 million Medicare beneficiaries — out of nearly 40 million aged and disabled Americans — have enrolled in Medicare HMOs. HCFA has approved 16 applications for new or expanded service areas and has an additional 29 applications from managed care plans seeking to serve beneficiaries in new or expanded service areas.

Managed care and other new health care options, known as Medicare+Choice, are available where private companies choose to offer them. Original fee-for-service Medicare, currently chosen by more than 33 million beneficiaries, is available to all beneficiaries.

Congress created Medicare+Choice in the Balanced Budget Act of 1997 to expand the types of health care options available to Medicare beneficiaries. As part of Medicare+Choice, Medicare now offers new preventive benefits and patient protections, as well as a far-reaching information program that includes a national toll-free phone number, 1-800-MEDICARE (1-800-633-4227), a new Internet site [www.medicare.gov](http://www.medicare.gov), and a coalition of more than 200 national and local organizations to provide seniors more information.

URL: Copyright © 1999 by The Massachusetts Medical Society. All rights reserved.. However, the full text of the *Journal* is available here on-line for all subscribers to the print version.

### ***Details of the President's Medicare Proposal, Part D***

The *New York Times* report:  
<http://www.nytimes.com/library/politics/062999budget-surplus.html>

Reuters News Service report:  
<http://news.excite.com/news/r/990629/09/news-clinton-medicare>

ABC News report, with Q&A on the new plan:  
<http://www.abcnews.go.com/sections/politics/DailyNews/medicare990629.html>



## New Regulations/Notices

### **Medicare Program; Prospective Payment System for Hospital Outpatient Services; Correction; Proposed Rule [HCFA-1005-CN] — Published 6/30.**

This document corrects technical and typographic errors that appeared in the proposed rule published in the *Federal Register* on September 8, 1998, entitled "Medicare Program; Prospective Payment System for Hospital Outpatient Services."

### **Statement of Organization, Functions, and Delegations of Authority Office of Communications and Operations Support — Published 6/22.**

Part F of the Statement of Organization, Functions, and Delegations of Authority; for the Department of Health and Human Services, Health Care Financing Administration (HCFA), *Federal Register*, Vol. 62, No. 129, pp. 36284-36295, dated Monday, July 8, 1997, is amended to reflect a reorganization in the Office of Communications and Operations Support. The specific changes will transfer the Audit Liaison Staff from the Office of Financial Management to the Office of Communications and Operations Support to ensure timely resolution of all audit findings and recommendations.

### **Medicare Program; Recognition of the Joint Commission for Accreditation of Healthcare Organizations (JCAHO) for Hospices [HCFA-2039-FN] — Published 6/18.**

This notice recognizes the Joint Commission for Accreditation of

Healthcare Organizations (JCAHO) as a national accreditation organization for hospices that request participation in the Medicare program. HCFA believes that accreditation of hospices by JCAHO demonstrates that all Medicare hospice conditions of participation are met or exceeded. Thus, HCFA grants deemed status to those hospices accredited by JCAHO. The proposed notice included the application from the Community Health Accreditation Program, Inc. (CHAP). The final notice recognizing CHAP as a national accreditation organization for hospices was published on April 20, 1999 at 64 FR 19376. This final notice is effective June 18, 1999 through June 18, 2003.

### **Medicare and Medicaid Programs; Mandatory Use, Collection, Encoding, and Transmission of Outcome and Assessment Information Set (OASIS) for Home Health Agencies [HCFA-3020-N] — Published 6/18.**

This notice announces to home health agencies (HHAs), state survey agencies, Medicare and Medicaid beneficiaries, software vendors, and the general public changes to and effective dates for OASIS implementation. This notice announces the effective dates for the mandatory use, collection, encoding, and transmission of OASIS data for all Medicare/Medicaid patients receiving skilled services. For non-Medicare/ non-Medicaid patients receiving skilled services, there will be no

encoding and transmission until further notice, but HHAs must conduct comprehensive assessments and updates at the required time points. For patients receiving personal care only services, regardless of payor source, HCFA is delaying the requirements regarding OASIS use, collection, encoding, and transmission until further notice. HCFA expects to begin implementation of OASIS for non-Medicare/non-Medicaid patients receiving skilled care and for patients receiving personal care only services in the Spring of 2000. A separate *Federal Register* notice will be published with instructions at that time. In addition, software changes described at the end of this notice are of interest to software vendors and HHAs. Also, a companion notice concerning the OASIS System of Records (SO) is published elsewhere in the *Federal Register* and is available via the HCFA Internet site at <http://www.hcfa.gov>. This notice became effective on July 19, 1999.

### **Medicare Program; Changes to the Hospital Inpatient Prospective Payment Systems and Fiscal Year 2000 Rates; Corrections [HCFA-1053-CN] — Published 6/15.**

In the May 7, 1999 issue of the *Federal Register* (64 FR 24716), HCFA published a proposed rule to revise the Medicare hospital inpatient prospective payment systems for operating costs and capital-related costs to implement necessary changes arising from HCFA's continuing experience with the system. This document corrects errors made in that document.



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